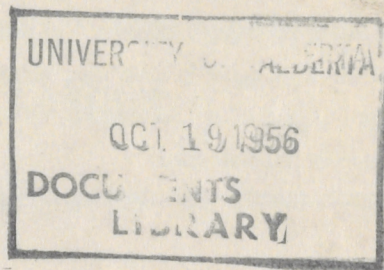


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REPORT OF THE
PROVINCIAL MARKETING BOARD



GOVERNMENT OF THE PROVINCE OF ALBERTA
DEPARTMENT OF
INDUSTRIES AND
LABOUR

1955

GOLDEN JUBILEE YEAR

This Report covers the operations of the Provincial Marketing Board and its subsidiaries, Marketing Services Limited and Prairie Woollen Mills Limited, for the year ended December 31st, 1955.

The original was delivered to the Honourable the Minister of Industries and Labour for submission to the Lieutenant Governor in Council, and was submitted on March 26th, 1956 to the Legislative Assembly at the Second Session of the Thirteenth Legislature.



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SEVENTEENTH ANNUAL REPORT
OF
THE
PROVINCIAL MARKETING
BOARD

DEPARTMENT OF INDUSTRIES
AND LABOUR

GOVERNMENT OF THE
PROVINCE OF ALBERTA
1955

"Golden Jubilee Year"

Submitted by
CHARLES R. PEARCE
Chairman

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EXTRACT
FROM
THE ALBERTA MARKETING ACT
(1939, C3, s1)

REVISED STATUTES OF ALBERTA 1942

VOLUME III, CHAPTER 253

An Act respecting the Marketing of Natural Products and other Commodities and to provide for the regulation thereof within the Province.

THE PROVINCIAL MARKETING BOARD

(1). "For the Purpose of providing producers, manufacturers, distributors and consumers in the Province with the means of buying and selling goods, wares, merchandise and natural products at a price which is fair and equitable, the Lieutenant Governor in Council may constitute a Board to be known as 'The Provincial Marketing Board', which shall be a body corporate and shall be empowered to buy and sell and deal in any goods, wares, merchandise and natural products, or any of them whatsoever, either by wholesale or by retail, or both by wholesale and retail, and to act as a broker, factor or agent for any person in the acquisition or disposition of any goods, wares, merchandise or natural products, and for the purpose to do and transact all acts and things which a natural person engaged in a general mercantile business has the capacity or the power to transact.

(2). "With the approval of the Lieutenant Governor in Council the Provincial Marketing Board is empowered to engage in any or all of the following businesses, namely, manufacturing, producing, processing, handling or distributing of any goods, wares, merchandise or natural products, and incidentally thereto, to acquire by purchase or otherwise any land or any other property required by the Provincial Board for the purpose of or incidental to any such business and to do and to transact all acts and things which a natural person engaged in any such business has the capacity or power to transact, including the borrowing of money for any of the aforesaid purposes."



THE PROVINCIAL MARKETING BOARD
DEPARTMENT OF INDUSTRIES AND LABOUR
GOVERNMENT OF THE PROVINCE OF ALBERTA

Edmonton, Alberta,
December 31st, 1955.

To:

Honourable R. Reiersen,
Minister,
Department of Industries and Labour.

Sir:

It is my privilege to submit herewith the seventeenth Annual Report of the Provincial Marketing Board for the year ending December 31st, 1955, together with report of:

- (a) Expenditures approved by the Board as Agent of the Government of the Province of Alberta, in connection with the construction, operation and maintenance of the Oil Sands Project at Bitumount, Alberta.
- (b) Financial Report of Marketing Services Limited (a wholly owned subsidiary of the Provincial Marketing Board) for the year ended December 31st, 1955.
- (c) Financial Report of Prairie Woollen Mills, Limited (a wholly owned subsidiary of the Provincial Marketing Board) from January 1st, to December 31st, 1955.

The Financial Reports referred to above have been prepared and audited by direction of the Provincial Auditor.

THE PROVINCIAL MARKETING BOARD

POLICY OF THE BOARD

1. To encourage the development of Alberta by promoting industrial enterprises for the utilization of our natural resources.
2. To assist industries, through the mass buying of raw materials.
3. To sponsor, manage and operate industries within Alberta for the utilization of our natural resources.
4. To assist in the distribution of the products of Alberta and by direct contact to make the people of Alberta familiar with the merits of Alberta-made goods.

SCOPE OF REPORT

In keeping with the range of the activities and responsibilities of the Provincial Marketing Board, this Report is divided into the following Sections:

- A. Buying Policies.
- B. Activities relating to production and assistance.
- C. Selling and Promotional Activities.
- D. Implement Parts Distributors.
- E. Trading Activities—All trading activities during 1955 were conducted by the Board's wholly owned subsidiaries, Prairie Woollen Mills, Limited and Marketing Services Limited. The Provincial Auditor's Reports and Financial Statements covering these activities are submitted with this report.

A. Buying Policies and Method of Operations of the Board

The difference in costs between the procurement of one's inventory of raw materials in a hand-to-mouth manner and buying the same materials by the carload or up to a year's requirements at once is frequently the difference between operating at a profit or a loss. A number of businesses commence operations in the Province with a building owned or leased, machinery fully paid for or under partial lien and sufficient working capital to carry them through a period of ninety to one hundred and twenty days when the first returns from sales are due. The difficulty they bring to the Board is the provision of raw materials at the most favorable costs, available only with bulk orders or strictly cash payments. Provided it can be shown—usually as the result of a careful sales survey—that there is a good demand for the product; that the applicant's business can meet the demand; that they possess the required skill and knowledge to produce a reliable article and that the establishment of the business may provide gainful employment for Alberta citizens, the assistance of the Provincial Marketing Board is almost assured.

The Board's method of operation may be of interest. The basic reasons for applying for assistance from the Board are frequently similar and can, therefore, be approached along routine lines up to the point where the solution can apply only to the type of business under consideration. The primary need usually is an inventory of raw material.

In an interview with a Member or Officer of the Board, the Applicant outlines his need and discloses the financial position of the business. The enquiry is designed to indicate the Applicant's knowledge of the type of business the Company is about to engage in and the experience of the persons concerned in management, administration, production and selling. Financial information is submitted to the Board for study, in the form of Audited Balance Sheets and Profit and Loss Statements if the business is already operating, or an Interim Statement of the cash position as it would be at the commencement of operations. The Applicant may be required to make a survey of his potential sales market before an Agreement is drawn if this has not earlier been made.

Should the interview indicate that the Application is one which would fall within the policy of the Board, the necessary forms of Application for Assistance are given to the Applicant and after completion are brought before a regular or special Meeting of the Board for examination. If a favorable decision is reached, the Board recommends the Application to the Honourable the Minister of the Department of Industries and Labour for his approval. Should this be received, an Agreement is drawn containing all of the terms and conditions under which assistance will be rendered. An agreed upon sum of money is immediately made available for investment in the required inventory materials, the money being expended by the Crown Corporation, Marketing Services Limited, in accordance with purchase orders from the Applicant Company.

It will be noted from the foregoing that neither the Provincial Marketing Board nor its subsidiary, Marketing Services Limited, lend any money to Applicants but purchases of materials are made as desired by the Applicant. When the inventory materials arrive in the city or town of the Applicant, they may be stored by the Crown Corporation for the period of the Agreement. The Applicant pays the Crown Corporation for supplies of the materials as they are withdrawn for manufacture or fabrication. Certain advantages accrue to the Applicant, such as a better cost price through bulk purchases, which would ordinarily be beyond the financial ability of the Applicant Company. Discounts are frequently earned by prompt payment for the materials by the Crown Corporation and, occasionally, discounts are earned by reason of a favorable exchange rate for purchases made in foreign countries. All such earnings or discounts are passed to the client. The Applicant Company can discontinue its connection with the Crown Corporation at any time without penalty or bonus by payment in full for materials on hand. Neither the Provincial Marketing Board nor its Trading Company have any profit-making motive, being solely interested in the establishment of another business in Alberta which will produce "Made-in-Alberta" merchandise or increase gainful employment opportunities for Alberta citizens.

In carrying out this policy, the Board has during 1955 purchased through its Crown Corporation, Marketing Services Limited, quantities of sheet steel, iron castings, steel plate, aluminum, cement, stoker parts, oxygen and acetylene cylinders, steel bars, tubing, wool, glycol and plastics. These have been held in storage and released as required by the clients, with the result that small industries have been placed upon a competitive basis with stronger firms in the same type of business.

The objective in all cases is the creation or maintenance of gainful employment for Alberta citizens, the building up of industries contributing to increasing supplies of "Made-in-Alberta" goods, and wherever possible the utilization of some of our natural resources.

Through the facilities of the Alberta Government Purchasing Agency, advantage is taken of the knowledge of the Buyers enabling the Board to select the best sources of supply, coupled with ability to deliver goods as and when required. Support of a business may be continued through several years but usually the value of each successive Agreement is for a smaller amount until the industry can carry on without assistance. The Board is always pleased when a new business has been brought to this point or an older organization has been successfully helped through a difficult period.

The advisory assistance of the Board is frequently of as great importance as material or financial aid. Through the years the Members and Officers of the Board have amassed an extensive knowledge of markets and sources of supply, patents, sales and promotion methods, industrial employment conditions and the incorporation of companies where such would be advantageous. They have also introduced many Albertans to the services available to them from other Departments of Government. The services offered by industrial and Agricultural Engineers in the Research Council of Alberta and the Department of Agriculture have been drawn to attention again and again, and surprise is frequently expressed by citizens who learn, through this Board, of services maintained by the Government for their benefit.

B. Activities Relating to Production

Through 1955 assistance was rendered to twenty-one industries engaged in a variety of businesses.

During the year, however, six of the twenty-one industries mentioned above had been assisted to the place where they were able to continue their operations without further Governmental assistance in the form of the provision of their inventory materials. This is the objective of the Provincial Marketing Board and as a rule can be taken as evidence of firmly established industries, either using natural products of the Province, producing made-in-Alberta goods or creating gainful employment for Alberta citizens.

Reference is made to a few specific industries to indicate to some extent the Board's methods of assistance and the progress which results. Taken at random the following represent a partial cross-section of businesses producing "Made-in-Alberta" goods or providing employment to many Alberta citizens.

1. Furnace Manufacturing:

During the year one furnace Company reached that point in its growth where it no longer required direct inventory assistance from the Board. This is the objective of the Board in every case. A second Company was re-organized and became closely connected with another manufacturing Company and the assistance required from the Board will be on a reduced scale. A third Company has consistently advanced in its progress and will also require less assistance in the coming year.

2. The Importation of Pumps and Prefabricated Buildings and Tanks for the Oil Industry:

The importation of pumps, prefabricated steel buildings, separators and tanks has continued. Companies servicing the Oil Industry are required to carry heavy inventories against emergent orders, without having any established factors on which to estimate requirements. Orders from Oil Companies inevitably go to the firm which can give the most prompt delivery. Many of these articles are now being manufactured in Alberta but here again the difficulty of obtaining steel is a retardant. For this reason the purchasing power of the Board is called on when an unexpected supply of steel becomes available.

3. The Acquisition and Distribution of Heavy Reinforcement Wire Mesh for the Manufacture of Concrete Pipes up to 8' in Diameter for Sewers and Waterlines:

Demands of City Engineers for Concrete Pipes, usually for sewer extension projects cannot be foreseen. Consequently any Company engaged in the manufacture of such pipes must carry a heavy inventory of reinforcement wire for all sizes of pipe. This would ordinarily be beyond the financial ability of any average business. The Board has evolved a method which has proved itself in the past several years by which such an inventory can be held by its Crown Corporation and released from time to time to the manufacturer as required. So long as the development of towns and cities continues at the pace of the past several years—and there are no signs of any slackening in the Province—it is probable this assistance will continue to be called on to enable the manufacturers to cope with such abnormal requirements.

4. Oil Sands Project:

There was little activity for the Board during 1955, with regard to the Oil Sands development at Bitumount. The Lessees exercised their option and purchased the property outright. The future progress of this natural resource under private ownership will be awaited with much interest.

5. Wire Cloth:

The Board, through its Crown Corporation, continued the importing of reinforcement wire for sewer and water pipe construction. Single rolls in various sizes run from a minimum weight of 625 pounds to a maximum of 2,015 pounds. The pipes are made in sizes from 6" in diameter to 7 feet.

During 1955 this Company became the only Canadian representative of a U.S.A. business which had patented an entirely new method

of installing sewer lines. The method is called Inner Circle and is based on the ability of an elliptically shaped length of concrete pipe to pass through lengths of similar pipes already laid in place. This has resulted in an enormous reduction of the amount of earth to be excavated, eliminated the danger of cave-ins, made shoring unnecessary and regardless of the depth of the line being constructed it protects the workmen at all times since they are always working in the line already laid. The types of reinforcement wire required for the manufacture of Inner Circle pipe varies in relation to the depth at which the pipe is to be laid. This makes necessary the carrying of an extensive inventory of wire mesh in coils and such an inventory would ultimately tie up a great deal of working capital. The method of financing such an inventory by Marketing Services Limited releases such working capital, while at the same time the manufacturer can enter upon new contracts with complete confidence to the extent of the visible stock of the necessary raw materials.

6. Manufacture of Oxygen and Acetylene Gases:

The Board continued to import cylinders for the rapidly expanding business referred to in the Board's Annual Report for the year 1954. Purchases were made directly from the manufacturers, care being taken to ensure that the Pressure Vessels requirements of both Canada and the U.S.A. were complied with.

During 1955 the point was reached where the final supply of cylinders was purchased for this Company now established on a scale far beyond the most optimistic hopes of the individuals who formed this Company in the year 1953.

7. Plastic Extrusions:

In the annual report of the Board for the year 1954, reference was made to the formation of a company designed for the extrusion of Polythene-resins. That Company did in fact commence operations and it has made great strides. The standard of the Plastic Tubing production is an unusually high one. It is of interest that many thousands of feet of plastic pipe have been installed in new Curling Rinks giving excellent service at very marked reduction in cost. New machines have been installed and laboratory work carried on and many types of extrusions other than tubes may soon be available to Alberta which today are being imported from eastern Canada or the U.S.A.

8. Aluminum:

This metal has not caused any concern to the Board during 1955. It is readily available in all its many forms. New uses are constantly being found for this adaptable material. Railway Companies are building many freight cars with aluminum sides and roofs with a marked reduction in maintenance costs. Field granaries are popular as they do not require painting, are rust proof and light in weight for movement between fields. In some lines, plastics offer keen competition but new products are constantly increasing the outlets for aluminum sales.

9. Cement:

The extraordinary volume of industrial construction and home building in the Province maintained the demand for cement throughout the year and available supplies were largely distributed on a quota system, to established agencies. The high cost of imported cements, principally from the U.S.A. with small quantities from other countries reduced their use to projects which were compelled to use them. The situation may be eased in 1956 by the expansion of existing manufacturing plants and the commencement of production by a new plant, now under construction in the Edmonton area.

10. Oil:

Development of the oil industry in the Province is reported on statistically by the appropriate Department of Government but is of interest to the Provincial Marketing Board indirectly. Many allied industries follow the production of oil and several such businesses have found the services made available to them by the Board to be helpful. The supply of fine instruments, such as flowmeters and controls, as well as treaters, and separators, has been maintained to an extent that would not have been possible without this type of assistance. In addition—and the Board is proud of this result—many of the largest treaters and separators are now being built in Alberta which formerly were imported. The materials for this manufacture are contained in inventories made available by the Board.

C. Selling and Promotional Activities

From the time it was first organized the Provincial Marketing Board has been active in encouraging the sale of Alberta products. Through personal contacts and correspondence, this work has been energetically carried on. Inquiries are received continuously from various sections of Canada and from other countries concerning Alberta products.

General

Information is sought as to ways and means of developing ideas, obtaining patents, starting businesses, the most suitable location for certain types of manufacture and the extent to which competition may already exist, which might lead to a decision for or against the entering upon a projected course of action.

It is of interest to note that Companies assisted by the Board have not only experienced growth in dollar volume of production or sales but have consistently increased employment opportunities proportionate to that growth. We find one business which employed 28 persons in 1953 when it first received assistance from the Board, employing 75 persons as it enters into 1956. Another had 29 skilled employees in 1950 and now has 35. In a third case one Company in 1952 had 61 employees and 196 at the close of 1955. This Company grew along with the development of oil in the Province but its growth was materially contributed to by the assistance extended to it by the Crown Corporation, Marketing Services Limited, which provided inventory materials through several years of progress.

In the files of the Board may be found letters of thanks and appreciation for timely assistance rendered by the Board through its Crown Corporation, Marketing Services Limited. Such letters are received with gratitude, indicating as they do that practical co-operation is possible between Government and Industry. Every such letter comes from a business formerly established and capable of continuing and growing without further outside aid.

Inventions and Patents

Few weeks pass without an Application for help in obtaining a Patent for some idea or gadget, some practical, some of doubtful value, but each regarded by its creator as something the public cannot do without. In the majority of cases, the Board can only act in an advisory capacity but some ideas are investigated or referred to specialists for opinions. On receipt of same, the Applicant may be advised to seek the services of a Patent Attorney of his own selection or to give up the idea and unnecessary expense if the specialist's report is not favorable to production.

Miscellaneous

During 1955 the Board received a number of requests from Departments of the Government to dispose of materials which had become surplus to the requirement of the Department owning the equipment. The Board adopted a policy of first contacting all other Departments to learn if a requirement existed for just such equipment. In some instances this proved to be the case and arrangements were made for the transfer of the equipment from one Department to another. In this way there was a benefit to both Departments, and the Government as a whole got further service from the equipment without incurring new expense.

When the surplus material does not appear to be needed by a Government Department, the Board can sell to the General Public using any method of selling which will insure adequate publicity and a fair opportunity for all interested parties to bid. During 1955 the Board in this way disposed of Bridge-Trusses, and an Inter-Office Communication System, Plumbing and Electrical Fixtures, a Gestetner Machine, Agricultural Implements, Cardboard Cartons, a Steam Heating Coil and Scrap Steel, etc., etc.

Conclusion

The preceding paragraphs illustrate to some extent the practical application of "The Alberta Marketing Act" to Alberta business. There does not appear to be any other Province in Canada with Legislation in force extending a comparable service to its citizens. The items outlined do not cover all of the enquiries which reach the Board throughout the year in connection with the other forms of selling and promotional activities, or the provision of inventories of materials for processing and fabrication.

D. Implement Parts Distributors

As stated in the Annual Report for 1954, the Directors of Marketing Services Limited continued their efforts to dispose of the stocks

remaining from the operation of Implement Part Depots. As a result practically all of that inventory has been sold and this feature of the work of the Board will not again be reported on. It will however remain in the annals of the Board as a service rendered, principally to Agriculture, which filled a vital need in making available to the Farm Community implement parts at low cost.

E. Trading Activities

All trading activities during 1955 were conducted by the Board's wholly owned subsidiaries, Prairie Woollen Mills Limited and Marketing Services Limited. The Provincial Auditor's reports and Financial Statements covering these activities are submitted with this Report.

Marketing Services Limited is a wholly owned subsidiary of the Provincial Marketing Board and operates the trading accounts as are referred to in the Auditor's Statement for 1955. Attention is drawn to the following point of interest.

After providing reserves for bad debts and stock obsolescence a net profit was realized as shown by the Auditor's statement. It is to be noted that this Corporation, as a trading activity, is required, before net profits are determined, to pay from its operation all salaries, interest on borrowed capital and all other expenses incurred in its operation.

Sale of Motor Vehicles

The Board continued to operate as Agent for all Government Departments in the sale of used Motor Vehicles, passenger cars, trucks and mechanical equipment such as bulldozers and caterpillars. Each sale is advertised in daily papers of the Province. The advertisement invites the general public to bid for vehicles by sealed Tenders. The result of the sales during 1955 was the disposal of 136 motor vehicles for a total of \$89,602.49.

Statistics and General Information

In previous Annual Reports of this Board, detailed progress of the Province in the fields of industrial growth, improved living standards, development of cities, towns, and villages, building permits and bank clearings was included. This feature has been discontinued as such information is available in greater detail from the Alberta Bureau of Statistics, a branch of the same Department of Government—Industries and Labour—as is this Board.

The following items extracted from submissions to the Gordon Economic Commission will be of interest:

SUMMARY OF FORECAST DATA FOR 25 YEARS

	* CANADA		† ALBERTA	
	1955	1980	1955	1980
Population	15,601,000	28,100,000	1,066,000	1,675,000
Occupied Dwellings	3,872,000	7,000,000	250,000	400,000
Motor Vehicles:				
Passenger Cars	2,918,000	9,000,000	240,000	660,000
Commercial Vehicles	975,000	3,200,000	121,000	177,000
			Net Value of Production — Alberta	
			1953	1975
Gross National Products	\$26,200,000,000	\$70,000,000,000	\$1,170,494,000	\$2,587,000,000
Energy Requirements (Trillions of B.T.U.'s)				
Atomic Electricity	290	187	17	42
Hydro Electricity	900	608	16	175
Coal	150	1,150	92	367
Natural Gas	1,300	4,410	125	292
Liquid Petroleum				
TOTAL	2,640	6,800	250	876
Natural Gas Requirements	143	424	91	250
(Billions cu. ft.)				
Liquid Petroleum Requirements	223	760	18	51
(Millions of barrels)				

* B-A Oil presentation to Gordon Commission.

† Alberta Government presentation to Gordon Commission.

GENERAL REVIEW AND FORECAST

During the year just closed, Alberta celebrated its Golden Jubilee Anniversary, marking the passing of fifty years from the day it first became a Province. During those years our economy developed as an important unit in Western Canada, popularly known as the "granary of the world". Today all eyes are upon Alberta as the centre of Canada's chief oil and natural gas reserves. The development of these resources has now brought Alberta into the position as the source of more than ninety-five percent of Canada's total oil production. As one writer has put it "within a few short years, Alberta has virtually become a Wonder Province". Besides becoming a rich Province, a Wonder Province, Alberta has become a mainstay of Canadian economy. We can take pride in our part in Canadian growth. From a country which was well down on the list of trading nations, Canada has in recent years secured rank as fourth. While as a Province we are still young, our progress in the past few years is a striking tribute to the efficient and orderly development of our natural resources. We have now every reason to look forward with confidence to a tremendous increase in the years to come in the value of our industrial wealth. In addition to our very rapid growth in the oil and gas business and allied industries, particularly petro-chemicals utilizing its by-product, our varied natural resources open up vast opportunities for new investments.

In describing the development in the year 1955, one financial leader stated "the surge forward which actually occurred in this country was beyond the forecast of the most sanguine."

The estimated capital expenditure for the whole of Canada in 1955 of \$5,954 billion was the highest on record. Another Canadian business leader, in speaking of the gains made in the year 1955, repeated what he termed "an apt and picturesque declaration of the Canadian economy". The way he put it was "Canada never had it so good". If this is true of the Canadian economy generally, it is certainly especially true of the citizens of the Province of Alberta.

The steady flow of capital investment funds has had a dynamic effect in the maintenance of buoyant business conditions in the Province but our large reserves of oil and natural gas will require, in ever increasing volume, a constant flow of new investment capital in the days immediately ahead. As our economy develops more towards industrialization, some degree of insulation is looked for from the recurring recessions dependent upon a strictly agricultural economy.

The problem of seasonal unemployment which has plagued Western Canada for so many years should be greatly alleviated with the expansion of industrial activity, which naturally provides steady year round employment to those engaged in this activity.

As a result of the serious situation confronting grain farmers, sales of farm equipment during the year were lower than in the preceding four years. The paradox of a glut of production on the one hand and the lack of markets on the other has resulted from the great progress of agriculture through mechanization and crop growing techniques.

Throughout the past ten years our Province has engaged in an active program of industrial development aimed at encouraging the establishment of new industries in Alberta. Already the results of this program are apparent in the large number of new industrial plants which have located within the boundaries of the Province in recent years. Someone has coined the phrase "nothing succeeds like success". This is particularly true in the field of industrial development. The coming of one important new industry attracts other allied industries and thus the movement to industrialize the Province gains momentum with each new industry which comes to us. In our free enterprise society competition provides the atmosphere for constantly improved methods. These same improvements in turn become the chief source of continued competition. Thus the cycle keeps moving in our expanded economy.

Since the year 1947 approximately eight hundred new manufacturing plants of varying sizes were opened in the Province, at a cost in excess of \$400 million, creating new employment for ten thousand persons.

Significant also is the news that at least two pulpwood plants will be located in the northern portion of our Province. This should later lead to the production of newsprint paper in our Province. The factory will process lodgepole pine and white spruce from Alberta timberlands and will be a consumer of sulphur which, in turn is a by-product of our natural gas industry.

Reports from the Canadian Pulp and Paper Industry indicate that for ten years newsprint mills have operated at capacity trying to meet the demands for their products but today there is a shortage of newsprint and that this shortage appears likely to continue. Today on this continent twice as much paper and paperboard is used in industry than for printing and publishing purposes. Albertans are particularly interested in the pulp and paper picture, due to the fact of the plans to construct this \$35 million bleached sulphate pulp mill at Hinton, Alberta. This industry will give direct employment to upwards of 500 persons and will indirectly create employment for an additional 1,500 persons in logging operations. In addition, a further development in the pulp and paper industry is anticipated with the introduction of at least one more pulp mill in the Province to cost \$20 million. The future of this industry is indeed bright and Albertans should be proud of the fact that such an important industry is developing within its borders. It is estimated that in newsprint alone Alberta spends \$5 million each year.

Manufacturing industries advanced from a figure of \$5 million in 1905 to \$567 million in 1955. In the twelve years—1941 to 1953—the gross value of manufacturing in the Province increased fourfold. Of the \$567 million mentioned above an estimated \$92 million was devoted to payrolls, giving employment to about 34,000 persons. Looking forward, in the next twenty years it is estimated the gross value of production of Alberta Manufacturers will rise to approximately \$1,580 million. That is almost triple the amount of today's output.

Cumulative retail sales for 1955 were \$1,019.1 million, a gain of 5.8% over 1954.

The value of construction contracts continues its rapid growth. In the year 1955, it is estimated the final figure will reach \$586,257.00, engaging the services of 50,238 workmen, using an estimated payroll of \$186 million.

The most spectacular expansion, which in turn affects indirectly the whole economy of the Province, occurred in the petroleum and natural gas industry. With the last ten years, the number of persons engaged in the operation of oil firms (exclusive of refineries) increased from two thousand in the year 1946 to an estimated more than seventeen thousand in the year 1954, with payroll in excess of 68.4 million. The value of crude oil and gas produced in 1955 was approximately \$283.8 million. Very large development has occurred in the field of by-products of the oil industry. Petrochemical plants in the Province are being developed at an amazing rate. This again means employment for additional hundreds of Albertans.

One particularly bright prospect concerns the export of crude oil to the Pacific North Western States, which is expected to grow to 60,000 barrels daily during the year 1956. This would enable overall production of crude oil in Western Canada to reach an average of 400,000 barrels daily, one official stated. The continued parity between the Canadian and United States dollar also will have a favorable effect on export of Canadian crude. Developments in the export of natural gas will be looked forward to with optimism and should anticipated approval be received from the Federal Power Commission, exportation and development activity in the gas fields of the Province will be greatly stimulated.

During the year one steel mill commenced operations in the Province. The principal product of this particular factory is reinforcing bar. This factory is the only steel mill between Winnipeg and Vancouver. It is also the only merchant bar mill in the history of the Canadian steel industry. While in the past there has been a condition of shortage of reinforcing steel bar, the introduction of this new industry has now relieved the local situation sufficiently so that in actual fact, Alberta is now in the happy position of shipping reinforcing steel to the Eastern Canada markets.

In addition to its effect on the availability of supplies of steel bars, another important result of the introduction of this new industry concerns the gathering and consumption of steel scrap throughout the West. This will result in a further improvement, even if in a small degree in farm income, since the majority of the scrap is being picked up from farm areas.

This Board has been compelled to explore markets in Europe notably Great Britain, France, Holland and West Germany for supplies of steel, galvanized sheet metal and steel wire. Steel mills in the United States advised advance bookings for their total production as early as November 1955, covering periods of three to six months ahead, and in one case for the entire year. The United States steel expansion program for 1956 has been announced as \$1.5 billion dollars. Plans of mills other than Bethlehem Steel and United States Steel Corporation have been decided upon, requiring up to four years to complete. Steel output

in 1954 dropped to 88.3 million tons from 111.6 millions in 1953. Only an estimate is available at this time of the 1955 production but that estimated figure is (in dollars not tons) \$900 millions. Many Alberta businesses will be greatly curtailed in their operations in 1956 should this steel shortage continue through the Second and Third Quarters of the coming year. The Provincial Marketing Board has been requested already to locate sources of supply for more than 500 tons of steel plate of the largest dimensions plus several hundred additional tons of sheet metal, steel wire and gauge plate. As is the case in the United States the Steel Company of Canada Limited, has advised the complete allocation of maximum production for the first six months of 1956.

The situation regarding sheet metal closely follows the pattern of steel, earlier referred to. Many sources of supply report inability to deliver any sheets through 1956. Other large manufacturers are completely booked through the First Quarter and accepting orders for the Second Quarter, based on a percentage of previous purchases by recognized customers. This makes it most difficult for the Board to obtain supplies for new industries. Enquiries are now being made relative to purchasing supplies in England to be imported via Churchill, Manitoba and quotations to date appear favourable.

Although the spotlight tends to focus on the more spectacular facts of our industrial expansion, agriculture is still the leading single industry in the economy of Alberta, providing as it does in vegetable and animal products about one half the total of manufacturing production each year. This industry continues to face serious difficulties which, in turn, has a depressing effect on the buoyancy of our economy and, unless remedial measures are applied, could jeopardize the progress of our economy.

On the basis of present evidence, it would appear likely that Canada's gross national product for the full year 1955 will approximate \$26.4 billion—some 10% higher than the previous year's figure of \$24 billion. As a matter of interest, the \$26.4 billion figure is over 4½ times the pre-war level in terms of money values, and slightly more than 2½ times the pre-war figure in terms of actual physical output.

The Dominion Bureau of Statistics composite index of industrial production for the first nine months of 1955, averaged 262.0 compared to the corresponding level of 242.7 in the year 1954. The manufacturing index rose by 6.5%; the mining index, in the nine months' comparison, advanced by 14.8% while the electricity and gas index showed an advance of 9.6%.

Conservative estimates place the market for industrial machinery products in Canada in 1980 at around \$2.2 billion or three and one-half to four times the present level.

The economic well-being of the Province of Alberta reflects to some extent the economy in the Country at large, which in turn is affected by World conditions. Leading economists in the United States

look for a \$405 billion economy for the year 1956, an increase of 4% over the year 1955, with a consolidation of the tremendous economic gains made in 1955, and the trend to continue up, although not quite as fast as in 1955. In this connection it is interesting to note that the forecast made by these authorities one year ago indicated an expected three to four per cent increase over the previous year, while in reality the increase for the year 1955 amounted to up to 9%.

Dominion Bureau of Statistics reports the population of Canada in the past twenty years has increased by 40%, i.e., an average of 2% per year. In the year 1955, the population of Alberta increased by 27,000 to its present level of 1,066,000, an increase of 2.5%. Today's labour force is approximately 400,000. Estimates indicate the rate of population increase to accelerate so that in the year 1980 the population of the Province may be double that of 1951. That means a population of 1,850,000 for Alberta.

The value of manufacturing is expected to rise by \$1 billion in the next twenty years. Should these optimistic forecasts become realities (and we have every reason to believe they will) the present-day rate of development may easily be looked back upon as "our pioneer days"; the infancy of the making of a great Province. It is our sincere hope that the Provincial Marketing Board may make a very valuable contribution towards this goal.

A summary of returns from tabulation of replies from a recent country-wide survey, concerning the outlook for 1956, indicates the following:

- 80% of the replies indicated an expectation of some 3% to 10% or more increase in sales for the year 1956.
- 76% of the replies, however, indicated they expected a rise of from 3% to 10% in the wage rate for the year 1956.
- 50% indicated an expected rise in costs of materials ranging from 3% to 10% or more.
- 62% of those reporting expected finished products prices to remain about the same as 1955 on the Prairies.
- 57% of the replies, in the employment picture, indicated the position should remain about as in 1955.

The Marketing Board is keeping its finger on the pulse of this rapid growth in the industrial development of the Province. We are prepared to take an increasingly useful part wherever we are called upon to assist new or struggling industries within our borders. The Members of this Board recognize the fact that, even though the rate at which the Province is developing into an industrial economy is truly amazing, we are only, at this stage, at the beginning of our development.

In closing, may I express to you, Sir, on behalf of the Provincial Marketing Board our sincere appreciation of your interest and counsel, and to your Deputy Minister and other Officials of this Department our thanks for their unfailing courtesy and assistance.

To Officials of many other Departments of Government we extend thanks for their co-operation.

Respectfully submitted,

Charles R. Pearce, Chairman,
Provincial Marketing Board.

GOVERNMENT OF
THE PROVINCE OF ALBERTA

DEPARTMENT OF INDUSTRIES AND LABOUR

Honourable Raymond Reiersen, Minister

John E. Oberholtzer,
Deputy Minister

PROVINCIAL MARKETING BOARD

Charles R. Pearce, Chairman

John R. Fleming, Member

Willard S. McKenzie, Member

Surplus
Government
Equipment
Sales Division

Industrial
Assistance

Promotion
Made-in-Alberta
products

Advisory
Committee
Government
Purchasing Agency

CROWN CORPORATIONS

Marketing
Services Limited

Prairie Woollen
Mills Limited

HEAD OFFICE

Room 218, Alberta Block
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Warehouse and Sales Lot
Cor. 104th Ave. and 122nd St.
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